

JCB Finance Limited Pension Scheme

Annual Implementation Statement – for scheme year ending 31 December 2020

Introduction and purpose of this statement

This document is the Annual Implementation Statement (the “statement”) prepared by the Trustee Directors (‘the Trustee’) of the JCB Finance Limited Pension Scheme (the “Scheme”) covering the scheme year to 31 December 2020.

The purpose of this statement is to:

- Set out the extent to which, in the opinion of the Trustee, the engagement policy under the Scheme’s Statement of Investment Principles (“SIP”) has been followed during the year
- Describe the voting behaviour by, or on behalf of, the Trustee over the year.

A copy of this implementation statement will be made available on the following website <https://epa.towerswatson.com/accounts/rbs/public/irish-offshore-jcb> and included in the Trustee’s annual report and scheme accounts for the year to 31 December 2020.

This is the first year of the Scheme providing an Implementation Statement and the format of the statement is expected to evolve over time as industry practices are established.

Trustee’s voting and engagement policy

In line with the Trustee’s Statement of Investment Principles, the Trustee has delegated all day-to-day investment decisions to the Scheme’s sole investment manager (for non AVC assets) – BlackRock Investment Management & Financial Services (“BlackRock”). The Scheme’s assets (excluding AVCs) are entirely passively managed and invested in unit-linked pooled arrangements.

Due to the passive nature of the Scheme’s investments, the Trustee recognises that no material decisions are taken by the investment manager on the holdings to be included in the portfolio. However, the Trustee expects that the extent to which social, environmental or ethical issues may have a fundamental impact on the portfolio will be taken into account by the investment manager in the exercise of their delegated duties.

The Trustee expects BlackRock to discharge their responsibilities in respect of investee companies in accordance with the Stewardship Code published by the Financial Reporting Council. The Trustee will monitor the activities of its manager on a regular basis but appreciates that its applicability may be limited for certain asset classes such as bonds.

The Trustee will consider whether the manager is engaging with investee companies in a manner aligned with the Scheme’s long-term investment objectives.

The manager has shared their Investment stewardship annual report:

<https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2020.pdf>

which showed for 2020, the asset manager had engaged with companies in record numbers over the past year on sustainability and other issues, and held more directors accountable. BlackRock have articulated five Engagement Priorities: board quality, environmental risks and opportunities, corporate strategy and capital allocation, human capital management, and compensation to promotes long-termism.

The Trustee’s policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

Summary of voting over the year to 31 December 2020

The Scheme's equity investments are managed by BlackRock via a pooled fund on an index-tracking basis. Given the indexed nature of the mandates, BlackRock are limited by the equities they must hold in the portfolio, but the Trustee believes they have a strong engagement process.

A summary of the voting on behalf of the Scheme over the year to 31 December 2020 is provided in the table below:

Fund	Number of votes eligible	% of votes exercised	% of votes with management	% of votes against management	% abstained
Aquila Life UK Equity Index Fund	15,622	97.12%	91.70%	5.45%	1.75%
Aquila Life World (ex-UK) Equity Index Fund	27,008	93.97%	88.24%	5.73%	0.38%
Aquila Life Currency hedged World (ex-UK) Equity Index Fund					

Voting information on the Scheme's bond funds is not provided since the vast majority of loan and debt securities do not come with voting rights.

Significant votes

BlackRock have provided the Trustee with the following link which includes their voting history, vote bulletins explaining their vote decisions, and the engagement and analysis underpinning it, on certain high-profile proposals at company shareholder meetings.

<https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>.

In the Trustee's opinion, the Statement of Investment Principles has been followed during the year to 31 December 2020 in relation to voting and engagement.

The Trustee of the JCB Finance Limited Pension Scheme

May 2021